individuals, the alternative of imposing a new fixed levy on individuals may be considered, as this will avoid all difficulties now complained of.

Dewan.—This is a difficult matter. What is required is that in the administration of the tax, measures should be taken to avoid hardship and inconvenience to assessees. This is noted.

SUBJECT No. 38

Levy of income-tax in accordance with the accounts maintained by merchants.

Mr. Singri Nanjappa, Tiptur Municipality.

Mr. Singri Nanjappa.—Income-tax should be levied on the basis of accounts maintained by merchants. At present, it has been the practice for the Department to declare that the accounts of merchants are not maintained in proper form and to levy tax on the turn over or percentage of profit fixed by the departmental officers themselves. This practice must be discontinued. The clerks that are now sent for checking accounts are not conversant with the rules and regulations of the Income-tax Department. Whatever they say is accepted by the authorities. This is very hard and it is requested that income-tax should be levied on the basis of accounts maintained by the merchants.

Dewan.—Clerks are now being trained for this purpose. If there is any complaint, there are the higher officers to consider it.

Another Member.—Income-tax officers admit our accounts in respect of items in the receipts side but do not trust the entries in the expenditure side of the accounts and want vouchers in support of them. Government should accept our accounts which should be considered as vouchers. We do not maintain separate vouchers for transactions carried out.

Dewan.—Do the Deputy Commissioners receive any complaints like that?

Deputy Commissioner, Kolar District.—I have several times called for the records and verified the accounts in my district.

Deputy Commissioner, Tumkur District.—Extension of time was several times granted for the production of the accounts in my district, but they failed to comply with the request.

Mr. Linge Gowda.—At the time of the enquiry, a confidential report is made. This should be avoided and instead, an open enquiry should be made.

First Member of Council.—Assessment is not made on the confidential report. Needful instructions have been issued in the matter.

Mr. K. Venkatasamaiah.—Government should change the present system of checking the accounts. It is true that Government have sent trained clerks for auditing the accounts, but it is very difficult to satisfy them. The civil courts accept our accounts and I do not know why the income-tax officers should not do so. Rules require modification and Government should order their officers to audit the accounts of merchants in their business places. It is desirable that a rule should be made also authorising the income-tax officers to accept those accounts which have been audited and certified as correct by certified accountants and auditors.

Second Member of Council.—There is a rule of this kind and the authorities accept the accounts provided they have no doubts as to their accuracy.

Mr. Ananthaiah.—In several villages, people are making *levadevi* on mortgage bonds and are getting interest on them. Income-tax officers require them to produce the bonds themselves and are not satisfied with an account of income realised. It is requested that copies of the documents may be ordered to be accepted as valid and insistence on production of original bonds stopped as that involves risk of loss of valuable documents in the course of travelling.

Dewan.—Regarding the income-tax administration several representations have been made from time to time in this Assembly. Government will refer the various defects that have been brought to notice to the Income-tax Commissioner for enquiry. He will be asked to make detailed test inspections throughout the districts and submit a report as to the revision of procedure called for to prevent hardships and inconveniences complained of.

SUBJECT NO. 39.

Appeals against the decisions of the Income-tax Commissioner.

Messrs. M. Ramachandra Rao Scindia and T. Nanjappa, Mysore Chamber of Commerce, Bangalore, and Rajappa, Grain Merchants' Association, Bangalore.

Mr. Ramachandra Rao Scindia.—Income-tax is levied at the discretion of assessing officers. It is requested that appeals against the decisions of the Income-tax Commissioner may be made to lie to the Chief Court as in British India.

Dewan.—It is not so in British India.

Mr. Ramachandara Rao Scindia.—In certain cases decisions are made arbitrarily. In such cases, appeals may be made to lie to the Chief Court.

Dewan.—If it is a question of law it goes to the Chief Court and if it is not, it goes to the Government. On all technical questions of law, the Government trusts the Chief Court to give final ruling. In administrative questions, it is the Government that takes the responsibility of passing the order. It is therefore not possible to accept the suggestion.

SUBJECT NO. 40.

Extension of the period for payment of income-tax.

Mr. A. Srikantappa, Bangalore District Board.

Mr. Srikantappa.—Assessees are required to pay the sum in two equal instalments at an interval of 30 days in each case. On default of first instalment within 30 days, the full amount will be recovered with interest at one per cent in a lump sum. This is quite unjust and the merchants' credit will be at a discount. This restriction is not enforced in the case of land revenue. If the first instalment is not paid within the first 30 days and if the whole amount is paid within the period of second instalment, no penalty is levied in the case of land revenue. It is requested that permission may be granted to pay the full amount within 60 days from the date of assessment without imposing any penalty. Our request is only for an extension of time and we do not say we will not pay the tax. It is therefore requested that this must also be placed on the same conditions as those of land revenue.

Dewan.—Land revenue rules and the income-tax rules are on a different footing. There are more chances of evading payment under this tax than under the Land Revenue Rules and in fact, there are no chances of evasion under the Land Revenue Rules. In the case of Income-tax, after the expiry of 60 days within the one year's limit, if the tax is not recovered, the Government loses its revenue and cannot recover it afterwards. Government are however agreeable to waive the recovery